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DE RUEHCL #0142/01 0331726
ZNR UUUUU ZZH
R 021726Z FEB 06
FM AMCONSUL CASABLANCA
TO RUEHC/SECSTATE WASHDC 6192
INFO RUEHRB/AMEMBASSY RABAT 7409

UNCLAS CASABLANCA 000142

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STATE FOR NEA/PI AND NEA/MAG

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [EIND](#) [ELAB](#) [ETRD](#) [MO](#)

SUBJECT: MOROCCAN PROFESSIONAL ASSOCIATIONS: OVERCOMING
A STIFLING INSTITUTIONAL CULTURE

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protect accordingly.

1. (SBU) SUMMARY: Morocco's numerous professional associations have had limited effectiveness in lobbying for their collective interests and promoting social change and reform. Some observers cite conflict between so-called "old guard" associations holding back the reform efforts of newer groups. However, business contacts suggest that many associations are hampered more by internal disputes and their own structural flaws. Moreover, Moroccan law does not require a consultative process in the formation of public policy. Both the political and corporate spheres in Morocco tend to reflect cultural norms favoring top down organizational leadership. As Moroccan associations struggle to grow and adapt to a changing social and economic climate, they face not only internal organizational challenges, but also institutional and cultural norms to overcome as well. END SUMMARY

OLD GUARD ASSOCIATIONS

2. (SBU) The Confederation Generale des Entreprises du Maroc (CGEM) is Morocco's oldest business association and traces its origin to French colonial times. CGEM is designed as an umbrella organization and represents more than 120 professional associations and branch federations. Membership includes 200 of Morocco's most successful companies representing a significant amount of the country's wealth. CGEM is ubiquitous in the press and enjoys strong ties to GOM officials. Government officials maintain regular contact with CGEM to solicit views regarding initiatives and programs affecting its membership. CGEM's President Hassan Chami is known for his close relationship with Prime Minister Jettou (both are former Cabinet Ministers whose careers alternate between the public and private sector). Critics complain that CGEM is too closely linked to the GOM to effectively represent private sector interests.

3. (SBU) Chami concedes the challenges in heading an association with such a large and diverse membership but insists CGEM's mission is to focus on "fundamental priorities shared by the majority of companies operating in Morocco and make the Moroccan economy attractive, especially to investors". Chami is a controversial figure within CGEM himself, having won a closely contested re-election in 2003 despite harsh criticism from members of the Federation of Small and Medium Enterprises (PME-PMI), a CGEM member organization. Chami defeated the PME-PMI socialist challenger who was backed by some of the largest companies in Morocco, including Omnium Nord Africain

(ONA), the royally controlled multi-national for which Jettou was a former Board Member.

¶4. (SBU) PME-PMI members feel CGEM gives a disproportionate voice to large companies at the expense small and medium sized enterprises (SME) and PME-PMI is advocating for change. The dispute between SMEs and larger enterprises within CGEM has been covered extensively in the press with PME-PMI threatening to quit CGEM and incorporate independently. PME-PMI members argue that the GOM only contacts the top few elite members of CGEM and does not receive broad-based, representative advice or opinion. Interestingly, the institutional culture of CGEM seems to mirror the operations of many of its member companies: patriarchal, authoritarian and run by elites. Other associations complain that CGEM's access to the GOM confers a "sense of self-importance" that impairs its ability to work effectively with other organizations, even if they share similar goals.

¶5. (U) The ongoing dispute between CGEM and PME-PMI is sometimes characterized among observers as a generational conflict between older members representing established companies accustomed to large, uncontested market shares (referred to, derisively, as "dinosaurs") and younger entrepreneurs, often boasting western educations and work experience abroad. There may be truth to this, although both sides are quick to downplay generational divide. The dispute does however encapsulate the challenge CGEM and other associations face in adapting to a changing social-economic environment marked by increased competition and rapid technological change.

¶6. (SBU) Another old guard member, The French Chamber of Commerce (CFCIM) has been operating in Morocco since 1913 and has 2,500 registered members. It is very influential and covers a full range of sectors. CFCIM assistance includes direct intervention with the GOM, business surveys, access to seminars and activities, and facilitation of visas to France. CFCIM Executive Director Dominique Bruin cites direct intervention with GOM customs and tax administration officials as examples of successful lobbying on behalf of CFCIM members. CFCIM also distinguished itself by creating a management company to finance the building of an industrial park near Casablanca designed to attract "non-polluting, job creating industries".

¶7. (SBU) CFCIM is criticized by some younger French entrepreneurs as too focused on large companies and not attentive enough to the needs of SMEs, echoing criticism within CGEM. A French-Algerian entrepreneur interested in starting a sports franchise in Casablanca told Econoff she felt rebuffed by CFCIM because her project was too small for them.

¶8. (SBU) Old guard member, the Moroccan Banking Association (GPBM) is probably the least effective and most disliked association according to its members. This is mostly attributed to GPBM's GOM-imposed structure which requires all the banks to pay dues to an association whose president is a political appointee, compelling some to claim "taxation without representation." Banking sector contacts further complain that they do not have any influence in GPBM. As a result, most reform efforts in the financial sector have been the result of government initiative rather than lobbying efforts by the GPBM.

MORE PROGRESSIVE ASSOCIATIONS

¶9. (U) The Association des Femmes Chefs d'Entreprises du Maroc (AFEM) was created in September 2000 to allow female entrepreneurs and business leaders to actively participate in civil society and promote the cause of female entrepreneurship. While members stress their

commitment to promoting Morocco's economic and industrial growth, AFEM does not limit itself to gender-based business issues; it pursues a broad international relations and development agenda and actively engages social causes. AFEM members number over 250 and in general are educated, well traveled and western in orientation. Their modernity however opens them up to charges of elitism. Econoff spoke to several Casablanca businesswomen who described AFEM as not representative of the typical Moroccan businesswomen, who tend to be small scale entrepreneurs with very little capital and few employees.

¶10. (SBU) AFEM members can publicly challenge GOM officials as during a presentation by Abderrahim Harouchi, Minister for Social Development and Family, on the King's Initiative for Human Development. Harouchi became visibly irritated during aggressive questioning. AFEM members come from well-heeled, prominent families and many are married to powerful and successful husbands who often finance their business ventures. Very few are self-made entrepreneurial success stories. Saad Hamouimi, Vice President of PME-PMI, criticized AFEM's close ties to the leadership of CGEM, echoing his organization's criticism of CGEM. In fact, an AFEM member is a leading candidate to become president of CGEM.

¶11. (SBU) While it is too early to judge AFEM's effectiveness as an association, it does exhibit an impressive level of organization and commitment to assist female entrepreneurs. However, much like CGEM, AFEM is controlled by dominant and influential personalities that sometimes distract from the role of the association and undermine its credibility.

¶12. (U) The progressive Moroccan Textile Association (AMITH) is cited by industry observers as a true success story for effective lobbying of the GOM in engaging support for an important, but struggling industry. AMITH recognized early the global challenges facing textile manufacturers and persistently fought for the future of the sector despite initial rebuffs from the GOM. AMITH took the initiative to design a partnership agreement to engage the GOM and successfully attract interest and support to its cause.

¶13. (SBU) Business professionals and industry observers attribute AMITH success to several factors including a narrow sector focus, high quality leadership and the undeniable presence of a specific, growing threat from China which served, as one observer put it, "to concentrate the mind". The quality of leadership is evidenced by former AMITH president Mezzour Salahddine who now serves as Minister of Commerce of Industry and was also president of a large company. Under his leadership, AMITH showed vision in not reflexively lobbying for protectionist measures, but rather proposing a credible industry strategy and inviting the GOM to participate.

¶14. (SBU) The AMCHAM is another effective association and a valuable player in advocating for improving the business environment as evidenced by its efforts to promote the recently signed U.S.-Morocco Free Trade Agreement. AMCHAM also successfully lobbied the GOM to provide a grace period for members unable to comply immediately with the GOM's Arabic-language labeling requirements for food products. AMCHAM also produces several products to assist the business community, including business surveys and an annual trade and investment guide. The AMCHAM's Director Carl Dawson confesses to the same frustrations felt by other associations operating in Morocco, highlighting the lack of legal mandates for consultation and an institutional, authoritarian culture in Morocco that inhibits the effectiveness of professional groups.

UP AND COMING ASSOCIATIONS

¶15. (U) Newer, fledgling associations are beginning to organize and develop as well, including - for example - the Moroccan-American Association (MAC). MAC was established over 23 years ago as a predominantly social group to promote U.S.-Moroccan ties. Although dormant for many years, MAC recently renewed itself with a vibrant membership drive. Today MAC is a professional networking organization with a social conscience and recruits young Moroccan professionals who have either studied or worked in the United States. While mostly comprised of prosperous, progressive minded, western-educated professionals, MAC manages to avoid charges of elitism through a fairly diverse and inclusive membership. MAC only recently began discussing lobbying efforts in the public sphere and exhibiting aspirations to influence policy and promote reform. Some observers cite MAC as evidence of a generational divide, but many MAC members argue that they are not seeking competition with associations such as CGEM, but only to complement efforts.

¶16. (SBU) MAC, like many associations, is not without controversy. It is currently tested by a split between those who would like more focus on lobbying the GOM for business-related reforms and associating with the FTA, and others who argue that the association needs to concentrate on broadening membership and building credibility. Membership recruitment has been enormously successful in capitalizing on the growing trend of young, western- educated professionals returning to Morocco to make their fortune. Another feature that distinguishes MAC from other associations is the democratic flavor of meetings where members are encouraged to openly comment on the organization. To this extent, MAC outpaces other associations in adopting the very reforms it wishes to see in the public sector.

¶17. (SBU) Another fledgling association is the Moroccan Association of Risk Capital Specialists (AMIC) which has only recently become reactivated, but already controls considerable levels of capital that could be very influential in the Moroccan economy. In addition, in 2005, it signed a cooperative agreement with the U.S. National Venture Capital Association (NVCA) that is designed to facilitate the exchange of information and technical assistance for Moroccan firms. Exposure to counterparts in the U.S. has shown AMIC members the potential benefits of lobbying for institutional reforms and this lesson should serve it well in helping it and other young associations compete with larger established associations for influence.

GUILTY BY ASSOCIATION

¶18. COMMENT: Although associations face differing problems, the common denominator is the challenge to

overcome political and institutional cultures that are not adapted to the consultative process as a means to promote reform. The challenge is made more difficult when, (as is the case with many Moroccan associations) the culture they wish to change is reflected in their own organizations. As associations seek to influence and reform Moroccan society, they will continue to struggle with their own internal evolutionary processes as well. Perhaps through successful change from within, they will become more effective advocating public sector reform. Hopefully younger, more democratic associations can help lead this change. END COMMENT

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